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Worker furloughs the only sensible option

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"We now have a government we cannot afford." — Gov. Linda Lingle

In good times, decisions are occasionally made with a sense of optimism that assumes the momentum will last forever. That's true both in private business and government.

But the crash came abruptly and unexpectedly. Businesses have responded by cutting personnel and other expenses to match revenue.

Yet, as we have seen again this week, government finds this to be an excruciating process.

Legislative leaders and public employee unions have refused to acknowledge that adjustments to the size of state government are very much needed, and that some of these adjustments should be permanent.

Projections on the state's expected tax revenues continue to plummet. Because Hawaii is constitutionally mandated to have a balanced budget — a good idea, we think — there have been actions to cut spending and to increase revenue through more taxes.

This is serious stuff. The Council on Revenues last week revised its revenue forecast downward, with \$737 million less in tax revenue expected to come in over the next two years.

With less money coming in, something has to be done to pick up the slack.

Good thing the Legislature isn't in session now. Its response to earlier deficit projections was to make most of it up through higher taxes in order to preserve the jobs and benefits of state workers.

Gov. Linda Lingle said Monday that she will deal with the \$737 million shortfall by mandating three furlough days per month for most state government employees.

The furloughs, along with cuts in public schools, hospitals, higher education and the judiciary, would save \$688 million, Lingle says. She'll pick up another \$42 million by cutting health insurance benefits for low-income adults.

During the session, there was a standoff between the Legislature, which wanted to cover the deficit mainly with taxes, and the governor, who fought for some kind of reduction in workers or a pay cut. Legislators prevailed.

The governor this week actually didn't have much choice. Her options to increase revenue or tap special funds are very limited and she noted Monday that 70 percent of the state's operating money goes to labor costs and benefits. Over the last four years, worker pay has gone up between 14 and 29 percent, which sounds pretty generous to us, even in boom times.

For a state worker making \$40,000 a year, 36 unpaid days off represents about \$5,500 or nearly 14 percent.

The governor says that we have a government that we cannot afford, but that's actually been the case for a long time. You don't need 46,000 state workers when the economy is contracting, tourism is plummeting and unemployment climbing.

We hope that a lot of the older workers will see the furloughs as a nudge to retire and that their positions won't be filled.

And we hope — although we're not optimistic — that legislators come to realize that their primary responsibility is not to artificially maintain the size of state government when the money isn't there to support it.

No business facing a drop in revenue would try to fix it by raising prices.

And that's exactly what legislators have been trying to do. The new numbers are in and Lingle took the only possible option short of laying off 10,000 employees. We think she's right.